

Govt's food distribution slides 14% in first quarter

STAR BUSINESS REPORT

Government's food distribution under various social protection schemes declined 14 percent year-on-year in the first quarter of fiscal year (FY) 2024-25, mainly because of reduced transfer of grains under the Food for Work (FFW) and Food Friendly Programme (FFP).

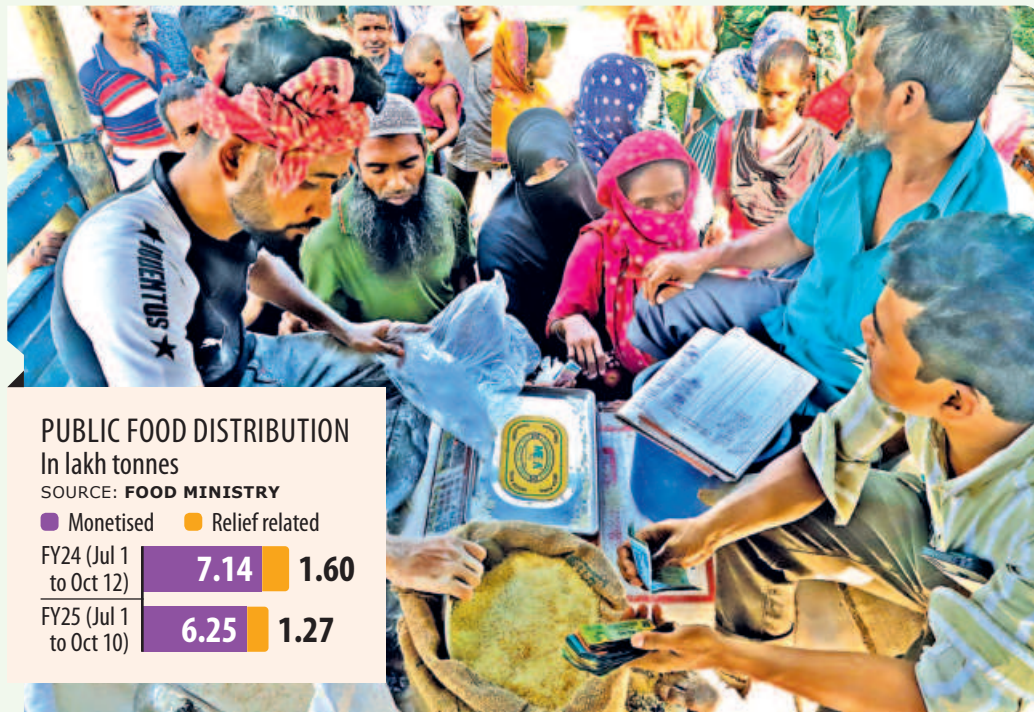
Public agencies, including the Directorate General of Food and the Ministry of Disaster Management and Relief, distributed 7.5 lakh tonnes of rice and wheat between July 1 and October 10 this year.

This was a marked decrease from the 8.75 lakh tonnes distributed by state agencies between July 1 and October 12 of the previous fiscal year, according to the food ministry data.

The distribution of grains under the FFW scheme, deployed mostly in the semi-urban and rural areas to support poor people, slumped to only 74 tonnes between July 1 and October 10 this year from 10,000 tonnes in the same period a year ago.

The decline was recorded during a time when high food prices squeezed the purchasing power of poor and low-income people.

Md Kamrul Hasan, secretary



PUBLIC FOOD DISTRIBUTION In lakh tonnes

SOURCE: FOOD MINISTRY

	Monetised	Relief related
FY24 (Jul 1 to Oct 12)	7.14	1.60
FY25 (Jul 1 to Oct 10)	6.25	1.27

of the disaster management and relief ministry, said food grains are distributed under various FFW programmes. He added that requests to release cereal under the FFW are sent from the field level.

"We are yet to receive requests from the field level. We usually deliver food on a quarterly basis. We will distribute the grains soon," he said.

However, he said the

ministry distributed a lot of grains under the Gratuitous Relief scheme.

Data shows that the relief and disaster management ministry's distribution under the scheme nearly tripled to 27,830 tonnes between July 1 to October 10 this year from 10,275 tonnes in the previous year.

"We have given plenty of relief to flood-affected

districts," Hasan said.

However, the distribution of food grains under the Vulnerable Group Feeding scheme, a fully subsidised social safety net programme, slumped to 15,800 tonnes in the period from 28,000 tonnes a year ago.

At the same time, there was a jump in the transfer of another fully subsidised scheme under the Vulnerable Group

Development or Vulnerable Women Benefit.

Under the monetised or cash-based food distribution schemes, the food directorate increased sales of rice and wheat under the Open Market Sales programme, a popular scheme in urban areas.

Sales of cereal at subsidised prices under the scheme grew 5 percent year-on-year to 3.19 lakh tonnes from July 1 to October 10.

However, distribution dipped 36 percent to 1.88 lakh tonnes under the FFP during the period, according to the food ministry.

The FFP is a poor-friendly initiative under which the government provides rice to 50 lakh families at Tk 15 per kilogramme (kg).

Every month, each of these families gets 30 kgs of rice for five months in two phases each year.

Contacted, a food ministry official said the ministry distributed 4.5 lakh tonnes of rice under the FFP scheme from September to November. Some 1.5 lakh tonnes will be delivered soon, he said.

"We bought high quantities of wheat last year. So, we had to release a higher quantity of rice in advance at that time to create space to keep wheat in storage," he said.

Walton makes more shares available to public

STAR BUSINESS REPORT

Sponsor directors of Walton Hi-Tech Industries PLC have transferred nearly 29.7 percent of their shares to non-director family members, most of it as gifts, based on a regulatory instruction, according to a BRAC EPL Stock Brokerage report yesterday.

When the Bangladeshi electronics and technology product manufacturer and exporter went for its initial public offering (IPO) in 2020, it had made less than 1 percent of its shares available to the general public.

Afterwards, the Bangladesh Securities and Exchange Commission (BSEC) had instructed the company to offload more shares.

Sponsors and directors of the company started to sell their shares from the end of 2023.

They also gifted shares to their family members who were not directors. Though the shares were tradeable, the family members retained those, for which no volatility was created in the market.

In other words, through such share sales and giftings, the company increased free float, meaning the number of shares available for trade by the public.

At present, sponsor and directors hold 74.07 percent of the company's shares, institutional investors 0.52 percent, foreigners 0.09 percent and public 25.32 percent, according to the Dhaka Stock Exchange.

On the other hand, the offloading will enable the company to avail an income tax reduction of 2.5 percent.

According to regulations of the National Board of Revenue, any company having a free float of at least 10 percent will enjoy an income tax rate of 22.5 percent instead of the usual 25 percent.

Moreover, for fiscal year 2023-24, the company announced a 350 percent cash dividend for general shareholders and a 200 percent cash dividend for directors and sponsors.

Though the offloading will result in the company paying an additional Tk 111 crore in dividends, the money will essentially end up going back to the family.

Shares of the A category company rose 2 percent to Tk 494 at the Dhaka Stock Exchange yesterday.

WB unlocks another \$30b for developing countries

AFP, Washington

The World Bank approved changes to its lending practices on Tuesday which will unlock an additional \$30 billion in much-needed financing for middle-income developing countries.

The Washington-based development lender has been looking for ways to make its balance sheet go further, while also seeking to bring in additional funding from both member countries and the private sector under new president Ajay Banga.

The bank said in a statement Tuesday that it had approved "a package of financial measures" to boost the lending capacity and affordability of the International Bank for Reconstruction and Development (IBRD) -- its lending arm for middle-income developing economies.

Key among the reforms was the announcement that the IBRD's minimum equity-to-loans ratio will fall to 18 percent from 19 percent, which will generate \$30 billion in additional financing.

By agreeing to lower the equity-to-loans ratio, the bank is allowing itself to squeeze more lending out of every dollar pledged by donors. It said it will also be removing some fees and lowering the cost of some loans to make them "easier to get and cheaper to repay."

"These new financial measures will boost our lending capacity and enable us to drive meaningful change in the lives of people," Banga said in a statement.

"Our Equity-to-Loans change is the latest step of sustained effort, and whenever we are able to responsibly secure additional optimizations to IBRD's balance sheet -- we will," he added.

UK inflation hits three-year low, fuelling rate-cut hopes

AFP, London

Britain's annual inflation rate fell to a three-year low in September, official data showed Wednesday, fuelling speculation that the Bank of England will resume cutting interest rates next month.

The Consumer Prices Index (CPI) reached 1.7 percent last month, well below the BoE's two-percent target, after hitting 2.2 percent in August, the Office for National Statistics (ONS) said in a statement.

The inflation rate was lower than the 1.9 percent rise that analysts forecast and has cemented expectations that the central bank would likely cut interest rates again in November.

"Lower airfares and petrol prices were the biggest driver of this month's fall," said Grant Fitzner, chief economist at the ONS.

He added that this was partially offset by a strengthening in food price inflation for the first time since early last year.

The inflation data "clears the path for another 25-basis point rate cut in November," said Richard Flax, chief investment officer at wealth management company

Moneyfarm.

"The underlying conditions support this move -- energy prices have eased, the economy has cooled, and the labour market has stabilised," he said.

It comes after official data on Tuesday showed an easing in Britain's unemployment rate and wage growth, which also bolstered analysts' expectations of a rate cut.

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"It is absolutely amazing to see such a dramatic drop in the UK's CPI number, and the news had brought nothing (but) good things for the Bank of England," said Naeem Aslam, chief investment officer at Zaye Capital Markets.

The inflation news will likely be a boost to the new Labour government ahead of its maiden budget later this month.

Prime Minister Keir Starmer has

warned Britons that the budget announcement will be "painful", with tax rises and spending cuts expected.

"We are being repeatedly told tough decisions are to be announced, so any sliver of good economic news will likely be pounced upon," said Lindsay James, investment analyst at Quilter Investors.

Starmer's Labour government won power at the start of July, ending 14 years of Conservative rule.

In August, the BoE reduced its key rate for the first time since early 2020, from a 16-year high of 5.25 percent as inflation returned to normal levels.

But it decided against a second reduction in a row in September.

The BoE hiked borrowing costs 14 times between late 2021 -- when they stood at a record-low 0.1 percent -- and the second half of last year.

Supply-chain disruptions following Covid lockdowns, together with soaring food and energy prices caused by Russia's invasion of Ukraine, sent global inflation surging.

Goal to end extreme poverty by 2030 'out of reach': WB

AFP, Washington

A global target of ending extreme poverty by 2030 is "out of reach," said the World Bank on Tuesday, adding it could take three decades or more to do so.

"Global poverty reduction has slowed to a near standstill, with 2020-30 set to be a lost decade," according to a new report assessing progress on eliminating poverty after the Covid-19 pandemic.

The world is experiencing serious setbacks after decades of progress, noted World Bank senior managing director Axel van Trotsenburg.

This comes amid overlapping challenges including slow economic growth, the Covid-19 pandemic, as well as climate shocks. He warned that with these crises, "a business-as-usual approach will no longer work."

Almost 700 million people, or 8.5 percent of the global population, live on less than \$2.15 daily -- the threshold for extreme poverty.

This is set to remain at 7.3 percent in 2030.

Today, extreme poverty remains concentrated in countries with low growth and fragility, many in Sub-Saharan Africa, the World Bank said.

And 44 percent of the world's population lives on below \$6.85 a day, which is the poverty line for upper-middle-income countries.

"The number of people living under this poverty line has barely changed since 1990 due to population growth," the bank noted.

It added that "future poverty reduction requires economic growth that is less carbon emissions intensive than in the past."

AFP, Mumbai

A diplomatic falling out between India and Canada over allegations that New Delhi was behind the killing of a Canadian Sikh activist threatens to overshadow increasingly close trade and investment ties between the countries.

Last year India responded angrily after Canadian Prime Minister Justin Trudeau publicly accused it of involvement in the murder of separatist Hardeep Singh Nijjar, who had been wanted by New Delhi and was shot dead in June 2023 near his home in Vancouver.

Indian authorities briefly curbed visas for Canadians and forced Ottawa to withdraw several diplomats.

Relations slowly improved, but this week both sides expelled the other's top envoys and other diplomats after India said its ambassador was among the "persons of interest" named in the murder probe.

With neither side appearing ready to back down -- Trudeau on Monday branded India's behaviour "unacceptable", while New Delhi has called the allegations "ludicrous" -- a prolonged diplomatic rift could eventually impact economic ties.

"As this dispute drags on, both nations will need to carefully manage their actions to avoid a full-blown economic

fallout," Ajay Srivastava of the New Delhi-based Global Trade Research Initiative said in a brief. India's trade with Canada is small in comparison to some of New Delhi's biggest trading partners, but it has grown steadily.

Bilateral merchandise trade rose

from US\$6.36 billion to US\$8.27 billion between the 2019 and 2023 fiscal years, according to India's commerce ministry.

And so far it appears to have weathered the storm, rising again, marginally, to US\$8.4 billion in fiscal 2024.

India's biggest exports to Canada

include pharmaceuticals, steel and iron products and electrical machinery.

New Delhi, in turn, depends on Canadian fertiliser.

"I don't foresee a major impact on trade immediately," Srivastava told AFP.

"Companies in both countries export and import based on their needs. Unless either India or Canada choose to ban trade in some segments, it is unlikely that bilateral trade will be hurt."

The diplomatic dispute, however, is unlikely to help the countries' efforts to reach a free-trade agreement.

Talks on the proposed deal were put on hold last year, before the row broke out, but the possibility of any resumption seems remote before the political issues are addressed.

India is the world's fastest-growing major economy, and Canada ranks 17th in terms of foreign direct investment into the country.

Canadian pension funds have cumulatively invested around US\$55 billion in India, New Delhi's foreign affairs ministry said in June.

The Canada Pension Plan Investment Board currently holds a more than one percent stake in companies such as food delivery app Zomato, and private-sector lender Kotak Mahindra Bank.

India-Canada row overshadows growing trade ties, investment



In this file photo, Indian Prime Minister Narendra Modi welcomes Canadian Prime Minister Justin Trudeau upon his arrival at Bharat Mandapam convention centre for the G20 Summit in New Delhi on September 9, 2023.

PHOTO: REUTERS/FILE